

FINANCIAL REPORT

2014



Our work makes a difference to people's lives.

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The Woolcock Institute of Medical Research aims to improve respiratory and sleep health through excellence in research, clinical management and education.

Mission Statement

The Woolcock Institute of Medical Research aims to improve respiratory and sleep health through excellence in research, clinical management and education.

The Institute does this by providing a dynamic environment where over 200 medical researchers are uncovering the causes of disease, finding better treatments and translating these into practice. The Woolcock Institute is recognised as one of the world's leading respiratory and sleep research organisations.

The Woolcock applies an integrated approach to disease; from conducting fundamental research on the mechanisms of disease, to discovering new ways to prevent, treat and provide effective management. Our researchers and doctors are determined to translate the development of new and best practice treatments for sleep and breathing disorders into improved health for individual patients and the entire community. The Woolcock is committed to improving people's lives through conducting and applying world-class medical research. This dedication to improving patient wellbeing is the focus of what we do.

Affiliations

The Woolcock is a not-for profit organisation limited by guarantee and has an Affiliation Agreement with The University of Sydney. We are a member of Sydney Research - an alliance of Medical Research Institutes, Sydney Local Health District and The University of Sydney.



THE UNIVERSITY OF SYDNEY



CHAIRMAN'S REPORT



Robert Estcourt
Chairman

Starting with operational matters, I am very pleased to report that the transformational project which the Institute embarked on just over two years ago has continued to roll out and make steady progress. This is best illustrated by the graphs of the rolling 12 month total of sleep studies and that of clinical visits. Last year there were over 2600 sleep studies and 6500 clinical visits. Importantly during the year we opened a paediatric sleep study unit. At the oddest hours of the day this

building can be abuzz with activity. This increased level of sleep study and clinical work provides a rich source of research ideas and subjects as well as demonstrating that the Woolcock is not an Ivory Tower, but an intimate part of the community — we are determined to see that our work has a beneficial impact on society.

We now have over 200 researchers and our work is frequently reported in the media. Some of the highlights were reported in a letter sent out earlier this year.

Our research work, our increased sleep studies and clinical work and the media reporting have all increased awareness of the Woolcock. We are finding increased interest in what we do to uncover the causes of diseases, finding better treatments and helping patients manage their health challenges. We have coupled this with a sustained campaign to build up our communications with past patients, friends and supporters. All this has considerably raised our profile. This is slowly but steadily building a supportive feed-back loop. Membership of the Institute is increasing and slowly but surely donations are rising.

That said, more can be done and we continue to need our staff and supporters to help us maintain and indeed reinforce this improving trend.

The increased level of activity in the operational and fundraising space has improved our financial position significantly. It has gained us time to plan for the future, but has not as yet solved our longer term financing problems. While this challenge is greatest in terms of the support costs of research, with budgets at all levels of government and many corporates under stress, we do need to place the Institute on a footing where it can increasingly finance all its activities. In a nutshell we need the financial strength to ensure that the Institute is well placed to reach its potential and cement its position as Australia's premier

research institute for respiratory disease and sleep disorders and, in an increasingly challenging financial and operational environment, to ensure the optimal use of all the Institutes facilities, resources and expertise.

And we are moving forward, deepening existing areas of work and entering new areas. In particular I would draw your attention to the State Government's recent announcement that it will grant the Institute \$3 million towards supporting the development of a Lung Cancer Network. This will be the first of its type in Australia and will fill a great need if we are to make any major advances in counteracting this terrible illness. We already have support from a German firm which will fund the work for the first three years of its operation. This development underlines the role and standing of the Institute.

I must make particular mention of the multi-dimensional support the Woolcock received in 2014 from the University of Sydney, the Sydney Area Health District especially the Royal Prince Alfred Hospital, as well as the key financial contributions from the State and Federal Governments. Without their support and help we would not exist. I would also like to extend the warmest and sincerest thanks to those benefactors and donors who already provide support to the Institute.

There are a large number of people that I owe thanks to for the work and progress of the last year. To be frank it would be invidious to mention names with the exception of Professor Carol Armour. I shudder to think where we would be without her enthusiasm, drive, energy and leadership. While the programme of change and renewal has absorbed a lot of time and energy, it has not prevented the Institute continuing to have considerable success in research in many fields. This is Carol's great achievement.

I would like to express sincere thanks to my colleagues on the Board. It has been another busy year and the exceptional voluntary service and dedication they bring to the Institute has been of great value. All have shown exceptional dedication to the job required.

Finally I extend my thanks to the team at the Woolcock. They are an outstanding group of dedicated researchers. I cannot sum up my regard for them better than one of my predecessors did when he wrote "Our team is striving every day for others: striving every day to understand and then develop better treatments for a range of dreadful diseases and conditions that cost lives, impose heavily on quality of life, place significant burdens on healthcare systems and communities and deprive many of full and happy lives. To devote one's life in this way is one of the noblest things one can do." These words apply today as much as ever before.



Professor Carol Armour
Executive Director

We have had an exciting and productive year. Our outstanding researchers and support staff strive for excellence every day and our research helps to shape the health care of the future. Our staff and affiliates have received a number of major research grants which give the Woolcock its world class reputation in sleep and respiratory research. We are known for our translational research model which is applied and responsive to the needs of people in hospital and the community.

We have a new Centre of Research Excellence (CRE) called Neurosleep which involves many researchers across the Woolcock. The goal is to improve brain performance, workplace safety and health outcomes in patients with sleep and circadian dysfunction and in the general community. This is led by our Professor Ron Grunstein. Our sleep researchers have also commenced working on a major new initiative - the Cooperative Research Centre (CRC) for Alertness, Safety and Productivity. This large centre (\$70 million) involves 3 Universities and 25 Industry, NGO and government departments. It is a triumph of collaboration. Woolcock Vietnam continues to thrive with a large NHMRC grant, prevention of multi-drug resistant tuberculosis in a high prevalence setting: 'Connecting the DOTS' in Vietnam, obtained by Dr Greg Fox and Professor Guy Marks' team. The team is supported by Dr Thu Anh Nguyen in Vietnam as well as our support staff here in Sydney.

What is noticeable is the number of collaborative grants internally, the benefits of our researchers working together in the same building. This co-location is leading to real benefits in that expertise is shared and the results are spectacular. One example of this is the funding we received with the Asthma Foundation of NSW from the Google Impact Challenge (one of only 10 groups funded Australia wide). This involved Professors Paul Young, Euan Tovey, Drs Brett Toelle and Cindy Thamrin in the application, which was successful, to support sensors and a mobile application for real time air quality.

Another example of collaboration both within and external to the Woolcock is the development of the Lung Cancer Centre and Network proposal. This involved Professors Paul Young and Judy Black initially developing the concept and identifying researchers who were critical to the network. A proposal was developed and as research and clinical groups involved in lung cancer were identified they were asked to join the network. This has resulted in a proposal which involves more than 20 groups across NSW. The State Government has identified funding to support the network and the centre to be located at the Woolcock. This represents a new area of research and collaboration for the Woolcock.

Our Postgraduate students are an energized group, led by Associate Professor Burgess. They organize sessions to enable their research and research training and have regular fundraising events to support themselves. The Next Generation Committee is also extremely active and investment in seed funding for them has already resulted in a large return on investment. The first seed funding grant has helped Dr Wing Lee to be successful with a large grant for a Cancer Institute Fellowship for the next 3 years.

With more than 170 publications and more than \$6 million in research grant income in 2014 we are very proud to be an internationally competitive research institute. We are truly a translational institute; in fact our work was quoted in the successful bid for the NHMRC Advanced Health Research and Translation Centre -Sydney Health Partners Advanced Health Research and Translation Centre. Our strong links with clinical teams in hospitals and our colleagues in primary care mean that our research findings translate into everyday practice for the benefit of patients. With the continual exchange of research findings and clinical problems we maintain a focus on real world problems.

As a medical research institute affiliated with The University of Sydney, and working closely with the Sydney Medical School, the Central Sydney Area Health Service and many other health districts and universities we are proud of our teamwork and of the outcomes we achieve. Thank you to the Dean of Medicine, Professor Bruce Robinson, for his ongoing help, the Chancellor, Belinda Hutchinson for her support, the Deputy Vice Chancellor Research, Professor Jill Trehwella, and the Pro Vice Chancellor Research, Professor Laurent Rivory, for their negotiations with us and the other Medical Research Institutes and Dr Teresa Anderson, Chief Executive of the Sydney Local Health District, for her collegiate approach and inclusiveness. Dr Anderson has led the partnerships in Sydney Research.

I have enjoyed support from many people as we strive to carry out our research and communicate what we do to a broader audience and I want to say thank you to all the people who have helped. Our research work is supported by a dedicated team of operations staff who work hard to make sure our facilities, our profile and our commercial activities are of the highest standard. Thank you to Joanne Elliot our COO and Kerstin Baas our CCO and our clinic staff lead by Dr Darren O'Brien, as well as everyone else in the support teams who have worked so hard to support the work of the Woolcock. The clinic has grown over the last 12 months and the clinic staff and visiting medical staff are committed to delivering world's best practice in sleep and respiratory care.

The Executive Management Committee, Drs Dev Bannerjee, Brett Toelle, Angela D'Rozario, Associate Professors Greg King, Janette Burgess, Professor Paul Young and Joanne Elliot and Kerstin Baas, has worked hard as a team to oversee governance of research, postgraduate training, profile raising, clinic activity, early career researcher development, operations and commercial activity. The associated committees have representation across the Woolcock. Thank you to everyone on the executive and associated committees for giving up your time to help with our work and development, it is a privilege to work with you.

Finally I would like to thank the Directors of our Board, particularly the Chairman, Robert Estcourt. Each member of the Board has been tremendously supportive. Their patience and help is deeply appreciated and those of us who work in the Woolcock are very lucky to have such devoted people working on our behalf. Robert Estcourt and his board never fail to provide encouragement, find people to help us and keep track of what we are up to. Thank you Robert and Directors.

OUR FINANCIALS

Company performance

The operational changes that were put in place in 2013 as a result of the Operational Review have continued to bear fruit in 2014 in terms of improved support services and increased transparency for costs and responsibilities. Activity in the Woolcock Clinic has increased significantly and resources are now being more effectively used. A new NHMRC Project Grant awarded at the end of 2014 has ensured the continuance of the significant tuberculosis work being done by Woolcock Vietnam. This project will expand our research into the area of multi-drug resistant tuberculosis and has led to a new office being opened in Ho Chi Minh City to add to those already established in Hanoi and Ca Mau.

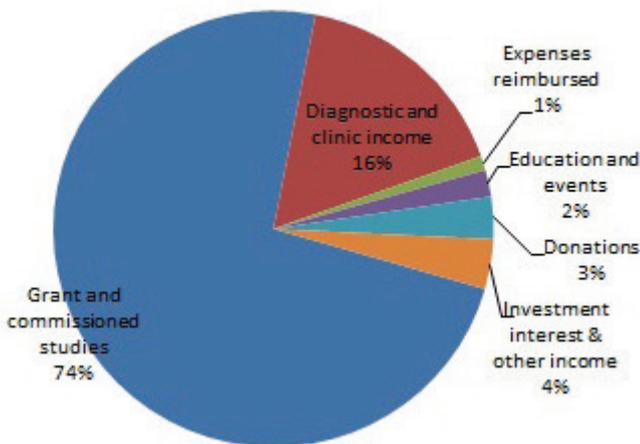
Research groups have focussed their attention on the needs of people with sleep and breathing disorders and significant impact on these diseases has been made. We have invested in the next generation of researchers so that the future of our international quality research is ensured.

The 2014 financial result reflected the improved performance of the Woolcock with a deficit of \$373K (compared to a deficit of \$1.66M in 2013). This was a result of prudent management of the budget together with significant growth in clinic income during 2014.

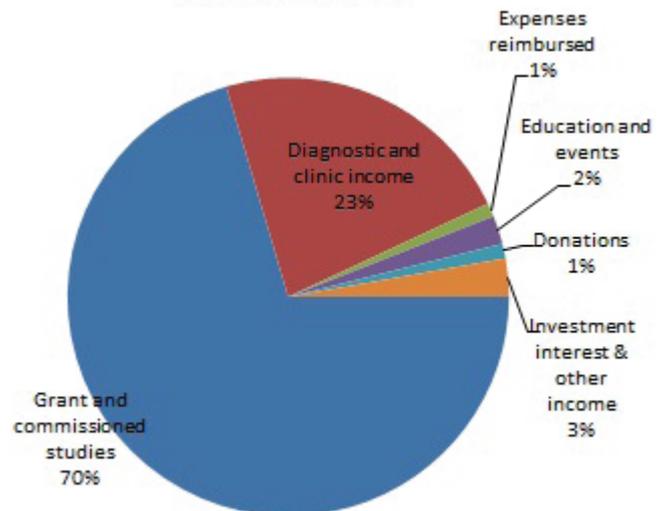
It is expected that with continued focus on efficiencies and sourcing of new income streams that growth will continue in the next financial year building on the improvements already evident.

Revenue

Revenue 2013



Revenue 2014



Expenditure

The largest component of expenditure in 2014 was personnel costs which was similar to 2013 at about 48% of the total expenditure. We spent slightly more on research equipment and

materials (24% compared with 21% in 2013) and we saved on other expenses which comprised items such as insurance and office administration.

Statement of income		
	\$	\$
REVENUE	2014	2013
Revenue	12,058,796	10,340,138
Other revenue	488,325	755,507
Total revenue	12,547,121	11,095,645
EXPENSES	2014	2013
Personnel expenses	(6,270,604)	(6,149,932)
Depreciation expenses	(1,156,707)	(1,187,390)
Occupancy expenses	(681,486)	(665,577)
Research equipment and materials	(3,071,647)	(2,664,093)
Office administration and materials	(472,270)	(509,422)
Other expenses	(1,267,093)	(1,576,144)
Total Expenditure	(12,919,807)	(12,752,558)
Surplus/(deficit) from operating activities	(372,686)	(1,656,913)

Balance Sheet		
	\$	\$
ASSETS	2014	2013
Cash and cash equivalents	7,111,180	7,388,819
Trade and other receivables	1,221,806	874,038
Other financial assets	1,390,673	738,242
Other assets	125,733	109,613
Total current assets	9,849,392	9,110,712
Property, plant and equipment	4,094,023	4,874,769
Total non current assets	4,094,023	4,874,769
Total assets	13,943,415	13,985,481
LIABILITIES	2014	2013
Trade and other payables	774,403	525,454
Provisions	633,812	856,560
Other liabilities	4,133,556	3,800,123
Total current liabilities	5,541,771	5,182,137
Provisions	227,818	256,832
Total non current liabilities	227,818	256,832
Total liabilities	5,769,589	5,438,969
Net assets	8,173,826	8,546,512
EQUITY	2013	2012
Accumulated funds	8,173,826	8,546,512
Total current liabilities	8,173,826	8,546,512

WOOLCOCK INSTITUTE OF MEDICAL RESEARCH

Sydney

431 Glebe Point Road
Glebe, Sydney
NSW 2037, Australia
T: +61 2 9114 0000
F: +61 2 9114 0010
E: reception@woolcock.org.au
www.woolcock.org.au

Vietnam

#4, Alley 51, Lane 97, Van Cao Street
Ba Dinh District
Hanoi, Vietnam
T: +84 4 3762 1938
www.woolcockvietnam.org